

Message Text

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ACTION NEA-11

INFO OCT-01 EUR-12 ISO-00 XMB-02 EB-08 AID-05 TRSY-02
OMB-01 CIAE-00 DODE-00 INR-10 NSAE-00 PA-01
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TO SECSTATE WASHDC 8218
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DEPT PASS EXIMBANK

E.O. 11652: N/A
TAGS: EFIN, EAID, LE
SUBJ: FRENCH SIGN AID PROTOCOL WITH LEBANON

1. DELEGATION OF FRENCH GOVERNMENT (NO COFACE) OFFICIALS
VISITED BEIRUT JUNE 1 - 3 TO SIGN FINANCIAL PROTOCOL GRANT-
ING GOL 240 MILLION FRANC (\$52.2 MILLION) CREDIT FACILITY.
SIGNING FOR GOL WAS MOHAMMED ATALLAH OF COUNCIL FOR DEVELOP-
MENT AND RECONSTRUCTION.

2. PROTOCOL INVOLVES TWO COMPONENTS (1) A FRENCH TREASURY
LOAN OF FF 60 MILLION AT INTEREST RATE OF 3 TO 4 PERCENT
OVER TWENTY YEARS AND (2) A COFACE FACILITY WORTH FF 180
MILLION AT 7.5 PERCENT OVER TEN YEARS. BOTH COMPONENTS ARE
GUARANTEED BY THE GOL. THE COFACE FACILITY IS DIRECTED TO
A SPECIFIC LIST OF PUBLIC WORKS PROJECTS SELECTED, ACCORDING
TO FRENCH COMMERCIAL COUNSELOR GEOFROY, FROM THOSE IN WHICH
FRENCH HAVE HISTORICALLY HAD SUCCESS AS BIDDERS; E.G. TELE-
COMMUNICATIONS, SUBMARINE TELEPHONE WIRE, ELECTRICITY SYSTEM.
FURTHERMORE, FF 180 MILLION COFACE FACILITY IS NOT ADDED TO
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BUT LIES WITHIN NORMAL COFACE COUNTRY LIMIT FOR LEBANON. IT
IS THUS "NOTHING NEW," ACCORDING TO GEOFROY, WHO NEVERTHELESS
DISCLAIMED KNOWLEDGE OF WHAT COFACE COUNTRY LIMIT FOR LEBANON
ACTUALLY IS. OBVIOUSLY, IT IS GENEROUS.

3. COMMENT: PROTOCOL SYMBOLIZED FRENCH CHALLENGE TO U.S.
AND OTHER EUROPEAN BIDDERS IN LEBANESE MARKET. WE ARE MILDLY

HAPPY THAT CIVIL AVIATION IS NOT AMONG THE DESIGNED COFACE
PROJECT AREAS, BUT THAT IS DOUBTLESS BECAUSE FF 180 MILLION
IS TOO SMALL AN AMOUNT TO HANDLE POTENTIAL CIVAIR SALES. WE
ARE CERTAIN TO HEAR MORE FROM COFACE CONCERNING AIRCRAFT SALES
TO LEBANON.
DECONTROL: 6/30/80
LANE

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NNN

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